

Message Text

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ACTION EB-11

INFO OCT-01 NEA-11 ISO-00 AGR-20 COME-00 TRSE-00 OMB-01

FEA-02 SCI-06 INT-08 SS-20 NSC-10 SPC-03 CIAE-00

DODE-00 INR-10 NSAE-00 PA-04 RSC-01 USIA-15 PRS-01

DRC-01 /125 W

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R 241435Z JAN 74

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 2266

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EO 11652: N/A

TAGS: ECON, GR

SUBJECT: ELEFThERIOU COMMENTS ON ECONOMY

REF: ATHENS 0373

1. COORDINATION UNDERSECRETARY ELEFThERIOU, IN JANUARY 23 RADIO AND TV BROADCAST, EXHORTED GREEK PEOPLE TO "DISPLAY A MORE RATIONAL ATTITUDE" ON WAGES AND SALARIES AND CONSUMER HABITS. HE RESTATED COMMERCE MINISTER ANASTASSOPOULOS' THEME OF LAST WEEK (SEE REFTel) THAT PRODUCTION AND STOCKS ARE SUFFICIENT TO SATISFY SUPPLY REQUIREMENTS AND RESIST UPWARD PRICE TRENDS, AND TERMED THE RECENT EPISODE OF CONSUMER "NERVOUSNESS" UNJUSTIFIED.

2 ELEFThERIOU ENCOURAGED PEOPLE TO FOLLOW LEAD OF GOVERNMENT WHICH IS ATTEMPTING TO ESTABLISH A SPIRIT OF AUSTERITY THROUGH DRASTIC CURTAILMENT OF NONPRODUCTIVE SPENDING. IN PARTICULAR HE ADVISED CAREFULLY PLANNED FAMILY BUDGETS, AVOIDANCE OF UNNECESSARY PURCHASES, AND IGNORING MALICIOUS RUMORS. HE ADDED THAT BASIC PRINCIPLE GOg POLICY IS MORE EQUITABLE INCOME DISTRIBUTION AND SUPPORT LOW INCOME GROUPS.

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3. ELEFThERIOU EMPHASIZED FUNDAMENTAL STRENGTH OF GREEK

ECONOMY, AND PREDICTED CONSIDERABLE INCREASE BOTH INDUSTRIAL AND AGRICULTURAL PRODUCTION FOR 1974. HE ASSERTED THAT WORST OF ENERGY CRISIS AND INFLATION "ALREADY SUFFERED" AND THAT THERE WOULD BE NO DRAMATIC DROP IN STANDARD OF LIVING. HE SAID GOVERNMENT DETERMINED HOLD PRICES AT REASONABLE LEVELS BY MANIPULATION GOVERNMENT STOCKPILES.

4. COMMENT: ALTHOUGH BROADCAST AIMED AT PSYCHOLOGICAL TARGET AND LACKED DEPTH OR SPECIFICS, INDICATES AT LEAST GOG LEADERS AWARE OF SOME OF SERIOUS ECONOMIC PROBLEMS WHICH FACE THEM, AND CONFIRMS EARLIER MANIFESTATIONS OF SOME OF POLICIES THEY INTEND FOLLOW, I.E., GOVERNMENTAL AUSTERITY, WATCHDOG APPROACH TO PRICE LEVEL. IMMEDIATE PROBLEM AT WHICH REMARKS AIMED - PANIC BUYING - SEEMS TO HAVE DISAPPEARED FOR PRESENT. FOR LONGER RANGE GOAL OF DISPELLING AIR OF UNCERTAINTY WHICH PREVAILS, IT WILL TAKE MORE THAN COMMENTS BY RELATIVELY JUNIOR OFFICIAL. PREDICTIONS ON INDUSTRIAL AND AGRICULTURAL GROWTH ARE WITHIN BOUNDS OF REALISTIC EXPECTATIONS, GIVEN DOMESTIC STABILITY, AND REASONABLE STATE OF HEALTH ECONOMIES OF MAJOR BUSINESS PARTNERS, PARTICULARLY U.S. AND WESTERN EUROPE. TASCA

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, WAGES, PUBLIC ATTITUDES, PRESS CONFERENCES
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ATHENS00523
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: ATHENS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740120/aaaaasak.tel
Line Count: 82
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: ATHENS 0373
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 13 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 MAY 2002 by ifshinsr>; APPROVED <29 MAY 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ELEFThERIOU COMMENTS ON ECONOMY
TAGS: ECON, GR, (ELEFThERIOU)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005